

Message Text

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ORIGIN COME-00

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 NSAE-00 NSCE-00

SSO-00 USIE-00 INRE-00 FEA-01 ERDA-05 AID-05 CEA-01

CIEP-01 EB-07 FPC-01 H-02 INR-07 INT-05 L-03 NSC-05

OMB-01 PM-04 SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00

DOT-00 FMC-01 CG-00 OFA-01 DLOS-04 SAL-01 PA-01

PRS-01 /095 R

DRAFTED BY MARAD:RJBLACKWELL

APPROVED BY EUR:JAARMITAGE

E - RMPOATS

EUR/SOV - WEDGAR

S/S-O:LRMACFARLANE

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FM SECSTATE WASHDC

TO AMEMBASSY MOSCOW IMMEDIATE

C O N F I D E N T I A L STATE 030048

E.O. 11652:GDS

AGS: ENRG, EEWT, UR, US

SUBJECT: US-SOVIET OIL NEGOTIATIONS

1. PLEASE CARRY TO IGOR AVERIN, HEAD, DEPARTMENT OF
FOREIGN RELATIONS, MORFLOT THE FOLLOWING MESSAGE FROM
ASSISTANT SECRETARY BLACKWELL, MARAD:

REFERENCE IS MADE TO OUR EXCHANGE OF LETTERS DATED DECEMBER
29, 1975 PROVIDING THAT AS SOON AS POSSIBLE BUT NOT LATER
THAN 30 DAYS AFTER THE SIGNING OF ANY US-USSR OIL AGREEMENT,
THE DESIGNATED REPRESENTATIVES SHALL MEET FOR PURPOSE OF
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FULFILLING THEIR RESPONSIBILITIES, IF ANY, UNDER SUCH OIL

AGREEMENT AND, IF REQUIRED, FOR THE PURPOSE OF ESTABLISHING RATES FOR THE CARRIAGE OF CARGOES THEREUNDER. TEXT OF PROPOSED OIL AGREEMENT NECESSITATES A MODIFICATION IN THIS PROCEDURE. ARTICLE 4 OF PROPOSED OIL AGREEMENT INCLUDES PROVISION THAT RATES, TERMS, AND CONDITIONS OF CARRIAGE OF CRUDE OIL OR PETROLEUM PRODUCTS SHALL BE DETERMINED IN ACCORDANCE WITH LETTERS, DATED THE SAME DATE AS THE DATE OF THE OIL AGREEMENT, BETWEEN THE DESIGNATED REPRESENTATIVES OF THE TWO PARTIES UNDER THE MARITIME AGREEMENT AND IN KEEPING WITH THE PRINCIPLES OF THAT AGREEMENT. DELEGATIONS OF RESPECTIVE PARTIES HAVE REQUESTED THAT WE MEET

IMMEDIATELY TO WORK OUT DETAILS OF RATES, TERMS, AND CONDITIONS OF CARRIAGE OF OIL CARGOES BY NATIONAL-FLAG VESSELS TO BE INCORPORATED IN SUCH LETTERS.

2. FOR YOUR INFORMATION OUR PRELIMINARY ANALYSIS INDICATES THAT U.S.-FLAG VESSELS CAN PARTICIPATE IN THIS TRADE AT COMPETITIVE RATES OVER THE TERM OF THE OIL AGREEMENT. WE BELIEVE THAT MOST REASONABLE AND EQUITABLE APPROACH IS TO PROVIDE FOR VOYAGE CHARTERS OF U.S.-FLAG VESSELS AT WORLD SCALE RATES THAT ARE KEYED TO A RELIABLE TIME CHARTER RATE SERIES. THIS APPROACH NOT ONLY HAS EFFECT OF LEVELING OUT HIGH PEAKS AND LOW VALLEYS OF SPOT TANKER CHARTER MARKET BUT GIVES RECOGNITION TO THE LONG-TERM, GUARANTEED NATURE OF SHIPPING SERVICE PROVIDED BY NATIONAL-FLAG VESSELS CONTEMPLATED BY OUR MARITIME AGREEMENT. TIME CHARTER RATE SERIES SUCH AS AFRA TIME CHARTER SERIES OR SOME OTHER MUTUALLY AGREEABLE SOURCE COULD BE USED TO DETERMINE VOYAGE RATES. FOR TERMS AND CONDITIONS OF CARRIAGE WE SUGGEST USE OF EXXON TANKER VOYAGE CHARTER PARTY.

3. ARRANGEMENTS ARE BEING MADE FOR PROMPT ISSUANCE OF VISAS FOR YOU AND YOUR DELEGATION THROUGH AMERICAN EMBASSY IN MOSCOW. PLEASE ADVISE DATE OF YOUR ARRIVAL AND NAMES OF REPRESENTATIVES OF YOUR DELEGATION AS SOON AS POSSIBLE. REGARDS. SISCO

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